



Opportunity Housing Ordinance City Council Study Session

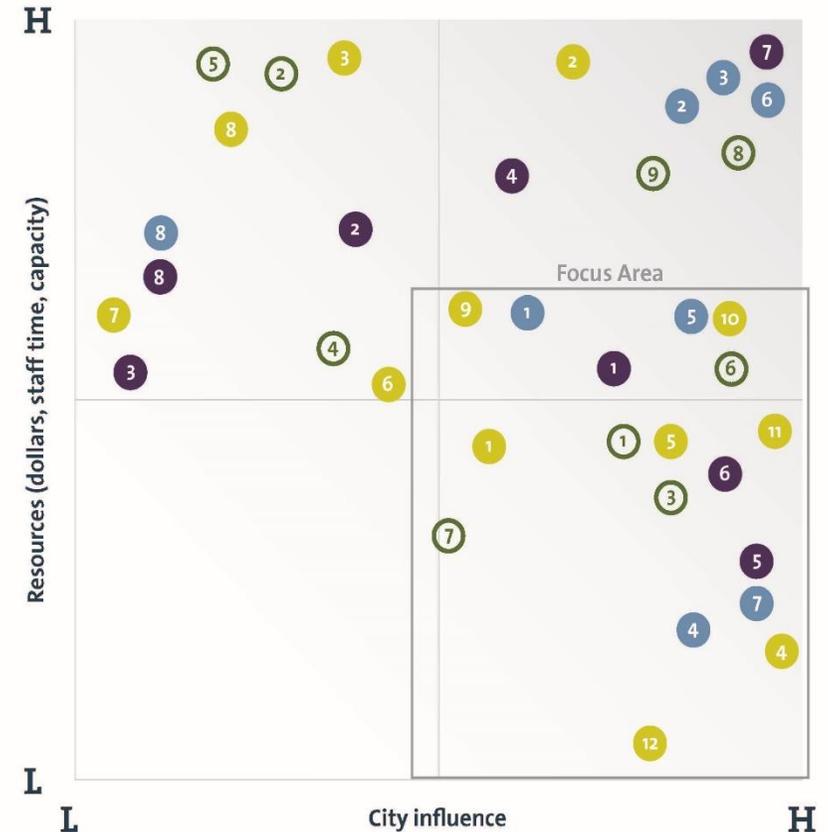
January 14, 2019

Background

- Affordable housing is a critical issue across the region
- Council directed staff to work on seven strategies identified by the NOAH working group
- Three near-term strategies:
 - ✓ 90-Day Tenant Protection Ordinance (Completed)
 - ✓ Fair Housing Policy (Completed)
 - ❑ Opportunity Housing Ordinance



Affordable Housing Strategies



Ordinance Foundation = Analysis & Outreach

- Nexus Study
- Review of Best Practices
- Feedback Meetings with stakeholders
 - Developers: Private, affordable
 - Minnesota Multi-Housing Association (MHA)
 - NOAH Workgroup
 - Buyers and funders of NOAH properties
 - Aeon, Common Bond, Family Housing Fund, Greater Minnesota Housing Fund



Policy Recommendations

- Flexibility and clarity
- Minimum opportunity housing percentage at ~9% to account for induced demand created at 60% of AMI and below to incentivize housing construction
- Tools and incentives to encourage construction and offset costs
- Allow developers to request payment of in-lieu fee
 - In-lieu fee at ~\$9.60 per leasable square foot of residential area
 - Does not penalize developers for smaller units



Recommendation Feedback was Largely Positive

■ Developers

- No significant concerns with nexus or feasibility findings
- Important to understand the meaning and differences between various profit metrics
- Most useful incentives/concessions :
 - Reduced parking requirements
 - Reduced/waived storage requirements
 - Fee deferrals/reductions
 - Relaxed requirements for materials/finishes



■ Housing advocates

- Concerned about reaching the most vulnerable populations
- Believe need greater than presented; how can we address?

Flexibility Considerations

Considerations

- Accommodating unique circumstances
- Responding to economic changes
- Allow options or partnerships that could add value
- Applicability
 - *All areas of the city*
 - *New development and major renovations (exclude minor remodels) of NOAH*
 - *Projects over 20+ units*
- Implementation: After effective date, but grandfather existing permitted and entitled projects

Possible Tools

- Preference to building on-site, but allow off-site options
- Allow a payment in-lieu of fee
- Align incentives and tools to support affordability of a range of 60% AMI and below
- Deed restrict existing affordable units
- Faster permit processing
- Development fee deferral options

Ordinance Purpose, Six Key Points



Maintain balanced community



Assist businesses – workforce housing



Implement Comp Plan & Strategic Priorities



Support all housing types and affordability



Offer flexible tools & incentives (including bundling)



Responsive to changing economic conditions

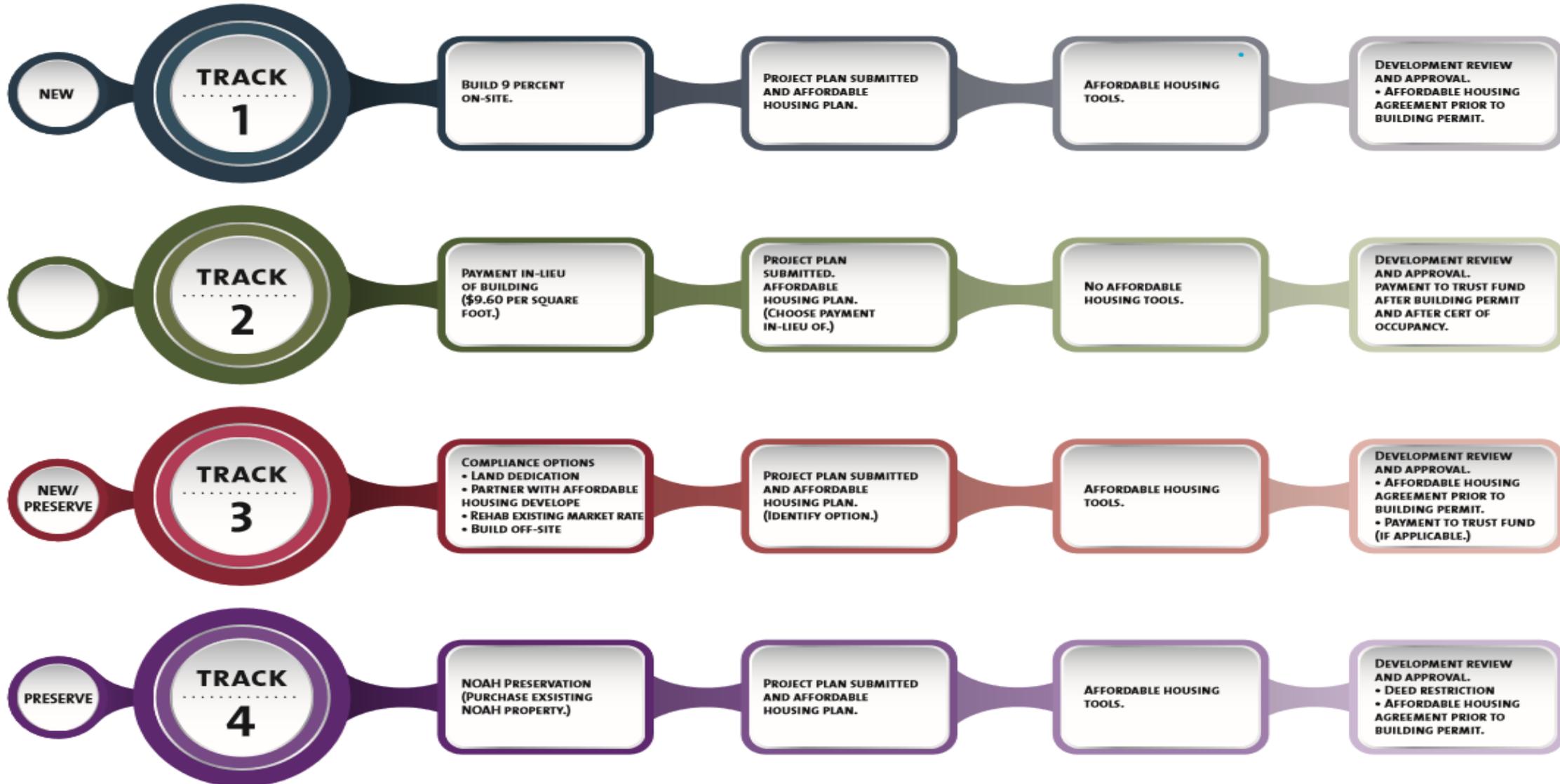
Ordinance Framework

- **Key objectives** – Unit production with flexibility
- **Requirement** – Mandatory 9% of total units developed
- **Applicability** – Rental, for-sale new build and infill projects over 20 units; and major renovation and or purchase of NOAH properties (1960-1990)
- **Phasing period** – Six months w/exemptions for projects with plan approval and submitted concept plans (24 months to submit final plan)
- **Payment in lieu** – Fee @ \$9.60 psf on leasable unit square feet only: Note, flexible options within the in lieu payment
- **Flexible compliance options** - Onsite, offsite, in-lieu, NOAH, and other
- **Menu of tools and incentives** – Designed to support unit production and the creation viable projects
- **Affordable housing trust fund creation**- Wide range of eligible activities to support unit production & preservation
- **Income targets** –60% of AMI and below with a mix of incomes encouraged to support income integration
- **Rent level, economic stabilization and transition**- Additional period for rent increase/decline for property & tenant economic stabilization
- **Geographic focus** - Citywide and designated transit area focus
- **Affordable housing plan**- Submitted as part of project plan review
- **Program evaluation**- Annual performance reporting with five year evaluation
- **Design & Construction Standards** – Per building code, same external quality, interiors can be value engineered
- **Streamlined Compliance** – Once a year report submitted to the City's on opportunity units only
- **Affordability Preservation**- Deed restriction 30 years maximum, right of first refusal to purchase

BLOOMINGTON

OPPORTUNITY HOUSING ORDINANCE

Flow of options and choices for developers



Tools and Incentives – Building & Site Design

- Density Bonus
- Height Bonus
- Floor area ratio bonus
- Parking reductions
- Enclosed parking space conversion allowance
- Minimum unit size reduction
- Alternative exterior materials allowance
- Storage space reduction
- Landscape fee in-lieu reduction



Tools and Incentives – Process & Fees

- Development fee waivers
- Development fee deferment
- Landscape fee in-lieu reduction
- Expedited plan review



Tools and Incentives - Financial

- Land write down on city owned land
- Housing TIF
- Project based housing vouchers

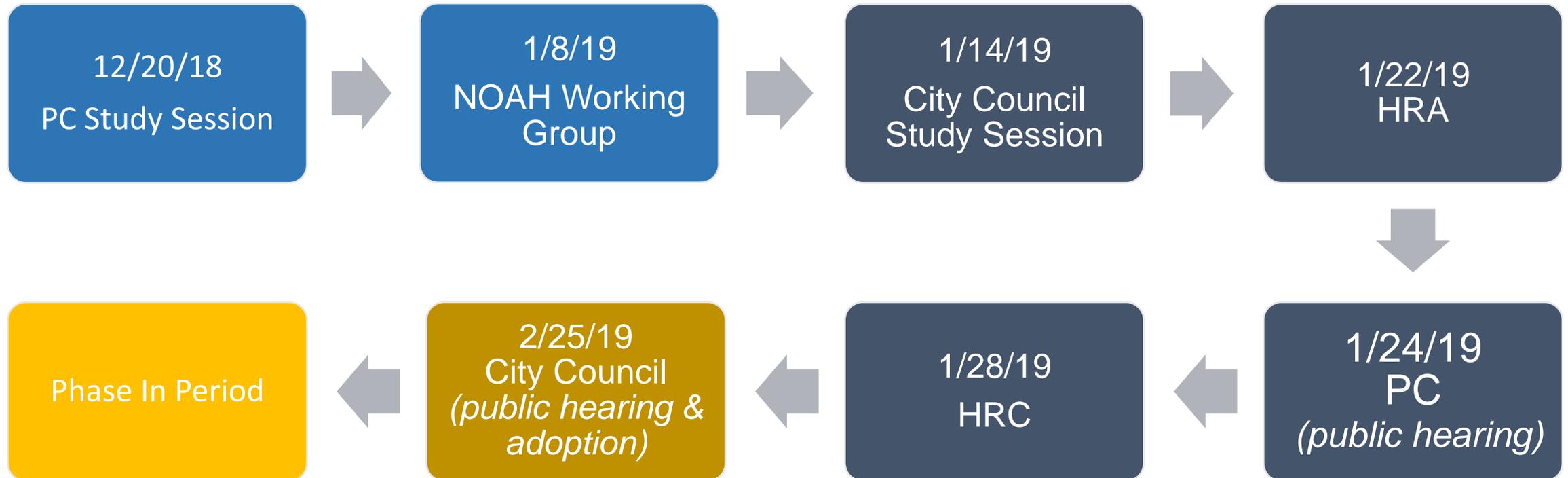


Notable Items - Summary

- Flexibility throughout the ordinance
- East Bloomington (Fee waivers up to 160 units (two projects) for 1st three years to incent development)
- Designated Transit Areas
- Concept Plan
- Tools designed to create units
- Economic stabilization
- Substantial rehabilitation
- Transition period



Anticipated Timeline





QUESTIONS?